

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 AID-20 IGA-02 PM-09 NSC-10 SS-14 RSC-01

CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 USIA-12 PRS-01

EB-11 AGR-20 COME-00 TRSE-00 OMB-01 RSR-01 /130 W

----- 052613

R 290950 Z MAR 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 674

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

CINCPAC

COMUSACV

BT

C O N F I D E N T I A L SECTION 2 OF 2 PHNOM PENH 2909

FRIGHTENED BY THE RECENT DEMONSTRATIONS IN KOMPONG CHAM AND THE CONTINUING TEACHER/ STUDENT STRIKE, AND BEGAN TO STOCKPILE . IN THE FACE OF INCREASING PUBLIC DEMAND FOR RICE, THE GKR DISTRIBUTION SYSTEM IN FEBRUARY INITIALLY REACTED SLUGGISHLY, BUT IN THE END WAS ABLE TO COPE WITH IT. THERE WERE TWO MAIN REASONS FOR THE SLUGGISH RESPONSE. FIRST, MANY OF THE SOUS-ILIOTS WERE CAUGHT WITH UNSUFFICIENT STOCKS AND IT TOOK SEVERAL DAYS TO CATCH UP WITH DEMAND. SECOND, MANY OF THE SMALL , WHO HANDLE MUCH OF THE DISTRIBUTION OF GOVERNMENT , CLOSED THEIR SHOPS BECAUSE OF THE STRIKE AND THREAT OF CIVIL DISORDERS. NEAR THE END OF FEBRUARY, HOWEVER, THE SOUS-ILOTS HAD CAUGHT UP WITH THE DEMAND AND RETAILERS WERE REOPENING. IT APPEARED THAT THE PERIOD OF PEAK DEMAND HAD BEEN REACHED AND THAT DISTRIBUTION WOULD SOON RETURN TO NROMAL. BUT IT DID NOT. EVEN AFTER THE GOVERNMENT ON MARCH 8, 1973 ANNOUNCED THAT RICE PRICES WOULD NOT BE INCREASED OVER AND ABOVE THOSE ESTABLISHED IN SEPTEMBER 1972, DISTRIBUTION OF RICE CONTINUED TO RUN AT RECORD LEVELS. FROM THE 1 ST OF MARCH TO THE 14 TH, DISTRIBUTION AVERAGE 611.8 TONS PER DAY. ON MARCH 14, IT REACHED 1,094 METRIC TONS. IT NOW APPEARS THAT MANY PEOPLE IN PHNOM PENH ARE STILL ANXIOUS ABOUT ABOUT THE POLITICAL AND ECONOMIC SITUATION AND ARE CONTINUING TO STOCKPILE RICE. RICE MAY ALSO BE
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SOLD OUTSIDE GKR- CONTROLLED AREAS BECAUSE OF HIGH PRICES IN KI ZONES AND LOW OFFICIAL PRICES IN PHNOM PENH. IT IS CLEAR THAT

STEPS SHOULD BE TAKEN TO CONTROL THE AMOUNT OF RICE IN THE MARKET. THIS WE BELIEVE THE GKR CAN DO BY LIMITING THE AMOUNT OF RICE RELEASED THROUGH SOEXIM. WE PLAN TO TAKE THIS UP WITH THE GKR IN THE NEXT FEW DAYS. THE GKR IS UNABLE TO UNDERTAKE OTHER REMEDICAL MEASURES AT THIS TIME. THE GOVERNMENT IS NOT CAPABLE OF ADMINISTERING A RATIONING PROGRAM AND A RAISE IN PRICE IS NOT POLITICALLY FEASIBLE.

TOTAL DISTRIBUTION FOR THE MONTH OF FEBRUARY WAS AS FOLLOWS:

CIVILIAN	#*4,083.2 M/ T	145.8 M/ T PER DAY
FANK	2,522.8 M/ T	90.1 M/ T PER DAY
GOVERNMENT WORKERS	312.7 M/ T	11.1 M/ T PER DAY
PROVINCES & " DIVERS"	621.7 M/ T	22.2 M/ T PER DAY
RETAILERS (SONEXIM)	3,807.1 M/ T	135.9 M/ T PER DAY
WHOLESALE RDI	1,327.9 M/ T	47.4 M/ T PER DAY
SORAPACG SATRAR	414.1 M/ T	14.7 M/ T PER DAY
TOTAL	13,089.5 M/ T	467.2 M/ T PER DAY

DISTRIBUTION FOR THE FIRST TWO WEEKS OF MARCH IS AS FOLLOWS:

CIVILIAN	1,775.9 M/ T	126.8 M/ T PER DAY
FANK	2,033.9 M/ T	145.2 M/ T PER DAY
GOVERNMENT WORKERS	195 M/ T	13.9 M/ T PER DAY
PROVINCES & " DIVERS"	43.1 M/ T	38.7 M/ T PER DAY
RETAILERS (SONEXIM)	2,590.9 M/ T	185 M/ T PER DAY
WHOLESALE RDI	1,194.7 M/ T	85.3 M/ T PER DAY
SORAPA & SATRAR	232 M/ T	16.5 M/ T PER DAY
TOTAL	8,565.5 M/ T	611.4 M/ T PER DAY

10. THE PRICE OF RICE. ALTHOUGH RICE DISTRIBUTED THROUGH GOVERNMENT CHANNELS (I. E., IMPORTED RICE) CONTINUES TO BE SOLD AT OFFICIAL PRICES, THE ACTUAL SALES PRICES IN NON-GOVERNMENT- CONTROLLED MARKETS ARE CONSIDERABLY HIGHER. AS OF MARCH 15, BATTAMBANG NO.1 RICE WAS SELLING FOR ABOUT 40 RIELS PER KILO AND AMERICAN RICE 26 TO 28 RIELS PER KILO. AS STATED PREVIOUSLY, THE GOVERNMENT HAS REAFFIRMED ITS INTENTION NOT TO INCREASE THE PRICE OF ABOVE LEVELS ESTABLISHED IN SEPTEMBER

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1972 AND DESPITE THE FACT THAT PRICES ARE HIGHER OUTSIDE OF GOVERNMENT DISTRIBUTION SYSTEM, THE GKR IS NOT IN A POSITION POLITICALLY TO PUBLICLY ANNOUNCE A RAISE IN PRICES. IN THE LONGER TERM THE ANNOUNCED FLOOR PRICES FOR PADDY WILL EVENTUALLY FORCE THE GOVERNMENT TO INCREASE MARKET PRICES, HOWEVER, THIS CANNOT BE DONE IN THE NEAR FUTURE.

MARKET PRICES

- LOCALLY PRODUCED RICE NO. 1 38 RIELS PER KILO
- AMERICAN RICE 26-28 RIELS PER KILO
- THAI RICE UNAVAILABLE

GOVERNMENT DISTRIBUTION SY

<< END OF DOCUMENT >>

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